GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Services - Sri M.K.P. Chakravarthy, Office Superintendent, O/o Director, Insurance Medical Services, Andhra Pradesh - Departmental proceedings under Rule 20 of the Andhra Pradesh Civil Services (CCA) Rules, 1991 - Articles of Charges - Issued.

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LABOUR, FACTORIES, BOILERS AND IMS (IMS&VIG) DEPARTMENT

G.O.Rt.No.171 Dated:11.05.2022

Read the following:

1. From the DG, (V&E) & E.O. Prl. Secy. to Govt. VR.No.1,(C.No.2982/V&E/Sec.II/D2/2019-1&2&836/V&E/Sec.II/D2/2019-1) Dt.03.01.2020.
2. From the Director of Insurance Medical Services, A.P., Vijayawada Lr.Rc.No.1625923/SM/DIMS/2022, dated:15.03.2022.

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ORDER:

It is proposed to hold an inquiry against Sri M.K.P.Chakravarthy, Office Superintendent, O/o DIMS in accordance with the procedure laid down in Rule 20 of the Andhra Pradesh Civil Services (CCA) Rules, 1991.

2. The substance of the imputations of misconduct or misbehavior in respect of which the inquiry is proposed to be held is set out in the enclosed Statement of Articles of Charges (Annexure-I). A statement of imputations of misconduct or misbehavior on which action is proposed to be taken against him is enclosed (Annexure-II). A list of documents by which and a list of witnesses by whom the Articles of charges are proposed to be sustained are also enclosed (Annexure - III & IV).

3. Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS is directed to submit his written statement of defense within 10 days from the date of receipt of this Government Order a written statement of his defence and also to state whether he desires to be heard in person.

4. Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS is further informed that an inquiry will be held only in respect of those articles of charges are not admitted. He should, therefore, specifically admit or deny each article of charge.

5. Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS is further informed that if he does not submit his written statement of defense on or before the date specified in Para-3 above or does not appear in person before the Inquiry Authority or otherwise fails or refuses to comply with the provisions of Rule 20 of the Andhra Pradesh Civil Services (Classification, Control and Appeal) Rules, 1991 or the orders/directions issued in pursuance of the said rules, the inquiring authority may hold the inquiry against him exparte.

6. Attention of Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS is invited to rule 24 of the A.P. Civil Services (Conduct) Rules, 1964 under which no Government Servant shall bring or attempt to bring any political or outside influence to bear upon any superior authority to furtherance of his interests in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another persons in respect of any matter dealt with these proceedings, it will be presumed that he is aware of such a representation and that it has been made at his instance and action will be taken against him for violation of Rule 24 of the A.P. Civil Services (Conduct) Rules, 1964.

7. Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS is specifically informed, that this order does not preclude the disciplinary authority to frame fresh charges, if any other irregularities are noticed during the course of disciplinary action.

(P.T.O)

8. The receipt of this G.O. should be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS **through** the Director, Insurance Medical Services, Andhra Pradesh, Vijayawada.
Copy to:
The Director, Insurance Medical Services, Andhra Pradesh, Vijayawada with a request to serve the Articles of charge on the individual and furnish the dated ACK. of served copy for record.

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

## ANNEXURE - I

**Statement of Article of Charges framed against Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS.**

That the said Sari M.K.P. Chakravarthy, Office Superintendent, O/o DIMS, Andhra Pradesh, Vijayawada while working as Senior Assistant and Office Superintendent, O/o DIMS from 2014 to 2019, had committed the grave misconduct and irregularities as mentioned in the article of charges.

**Article of Charge 1:**
That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Processed the file for purchase of the items more than indents and required at exorbitant rates.

**Article of Charge 2:**
That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Failed to follow the due procedure of financial rules in purchases

**Article of Charge 3:**
That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Issued sanction proceedings for payments by mentioning irrelevant HOA without verifying the indents and quotations

**Article of Charge 4:**
That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Processed file for payment of Rs.2,45,90,370/-for purchase of Lab analysers i.e., HbA1C501 analyser and WBC Differential Analyser without indents and without calling for open tenders and received stocks in DIMS instead of destination points.

**Article of Charge 5:** That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Processed the files pertaining to payments of M/s. Tele Health Pvt., Ltd., M/s. Jalam Environmental Ltd., by violating the established procedures

**Article of Charge 6:** That Sri M.K.P. Chakravarthy while working in CDS section, O/o DIMS Processed the files for purchase of drugs, surgical, lab kits and furniture basing on fake / forged/ fabricated quotations.

***By his above mentioned acts, he has exhibited lack of integrity, irresponsible towards his legitimate duties, maintaining integrity, devotion to duty and unbecoming of a Government Servant and hereby violated Rule 3(i) of the AP Civil Services (Conduct) Rules, 1964.***

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

SECTION OFFICER

## ANNEXURE - II

**Statement of imputations of misconduct and irregularities in support of Article of Charges framed against Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS.**

The Vigilance & Enforcement officials have enquired regarding the misappropriation in the Directorate of Insurance Medical Services, Andhra Pradesh, Vijayawada in procurement of Drugs, Medical Equipment, Biometric Machines, Furniture, engaging the services of call center and ECG Test through M/s. Tale Health Services and establishment of Sewage Treatment plants at 03 Hospitals and one Diagnostic Center through M/s. Jalam Environmental Pvt Ltd., during the tenure of previous three I/c. Directors of Insurance Medical Services i.e., Dr. B. Ravi Kumar (01-11-2014 to 05-07-2016), Dr. C.K. Ramesh Kumar (06-07-2016 to 01-11-2017) and Dr. G. Vijaya Kumar (02-11-2017 to 07-05-2019) and submitted report to the Government. The following are the lapses, irregularities noticed during the enquiry.

1. The Department of Labour, Employment, Training & Factories (IMS) formulated the comprehensive policy guidelines for purchase of Drugs & Medicines and Medical equipment in Insurance Medical Services Department vide G.O.Ms.No.51, Dt.09.04.2012 of LET&F Dept,.

He worked as Superintendent in the Central Drug Store of DIMS, Vijayawada from 05/2016. Previously he also worked as Senior Assistant in Central Drug Store, DIMS, AP from 06/2008. During the period of Dr. B. Ravi Kumar, Director, DIMS, he was instructed to look after the subjects of Lab kits and Surgical items. During the tenure of Dr. C.K. Ramesh Kumar, he worked as Superintendent and allotted the subjects of procurement of RC & Non RC drugs, surgicals, equipments, stationery, Lab kits and furniture.

Purchased drugs worth Rs.191.31Cr without indents and drugs worth Rs.21.29 Cr over & above the indented items and supplied to the Hospitals, Dispensaries & Diagnostic Centers and Rs.3.09 Cr worth drugs were supplied to Panel Clinics in the State without indents by violating the G.O.Ms. No. 51 and without any actual requirement by unit level officers and to give purchase orders to Non RC firms of their choice and thereby showed undue favour. Thus, the Directors supplied drugs without indents and over & above the indents without any justification and without any necessity and caused huge loss to the Govt.

2. His duties in the CDS are obtaining indents, calling of tenders, preparation of comparative statements, finalisation of the Ll bidder and getting approval of DIMS for issue of Purchase Order. While he worked as Sr. Asst., and Superintendent, all the purchases of Non RC drugs were made by way of limited quotation only instead of open tenders by way of e-Procurement in violation of G.O.Ms.No.51. The then DIMS, Dr. C. K. Ramesh Kumar purchased emergency medicines drugs for cardiac, sugar and BP worth Rs.5.18 Cr. without calling indents. Being served as Sr. Asst., and Superintendent in DIMS, he is not fully acquainted with all relevant Acts, Manuals, G.Os and Circulars issued by Government of AP and ESIC from time to time. He has not followed all the procedures of Insurance Medical Services as well as Employment State Insurance Corporation and there are certain procedural lapses and violations in procurement of non RC drugs and etc., He is not well versed with finance rules, administrative rules and purchase policies of IMS and ESIC at the time of joining as DIMS.

During his tenure, he processed the files for purchase of drugs under Non R.C, surgicals, lab kits, furniture and medical equipment, but not followed any of the procedures laid in G.O. Ms. No. 489 Finance Dt. 08.12.2008, guidelines of DG, ESIC, G.O.Ms. No 51 Dt. 01.06.2010, G.O.Ms. No. 51 Dt. 09.04.2012, G.O.Ms. No. 258 Dt. 20.09.2013, G.O.Ms. No. 40 Dt. 14.02.2014, G.O.Ms. No. 2 Dt. 03.02.2014 and Letter No. U-16/52/2001/Med-III(AP) Dt. 22.11.2016. Procured drugs by following limited tender/ Quotation system. He has not followed open tender system by way of e-

procurement and purchased some of drugs from the firms registered outside the state violation of G.O.Ms.No. 51 I&C Dt. 01.06.2010.

Not constituted Drug Procurement committee and Tender Scrutiny Committees and failed to follow G.O. Ms. No. 51 Dt. 09.04.2012. There is a provision in G.O.Ms. No. 51 to purchase only specialist drugs but not otherwise but he procured drugs other than specialist drugs. There is a provision in the G.O. Ms. No. 51 that only items listed in RC contract of ESIC are to be preferred always and rarest among rare cases only the procurement under non RC shall be resorted, but he procured the drugs by violating the provision. When the cost is more than Rs.1.00 Lakh, purchase of all materials / articles / goods / products / works / services, etc., shall be procured through e-Procurement, as per G.O.Ms.No.2, Finance (Works and Projects – F7 ) Dept. , Dt.03.02.2014 . As per ESI Corporation guidelines No.U-16/52/200 I /Med-III (AP), Dt.22. 11.2016 and Purchase Procedure Guidelines of ESI Corporation, the Drugs are to be purchased from the firms, which are in the approved / registered list of ESI Corporation. In case ESIC Rate Contract is not available for particu1ar medicine, then State Government (DIMS) shall procure the drugs and dressings under State Rate Contract and surgical consumables are also to be procured through State Govt. Rate Contract or by Sate Authority following GFR / ESIC norms.

Purchased drugs at exorbitant rates and paid an excess amount of Rs.51.02 Cr. more to Non Rate Contract firms when compared with the prices of ESIC Rate Contract firms.

Purchased drugs at exorbitant rates and paid an excess amount of Rs.5.71 Cr. more to Non RC firms when compared with purchase price of M/s. Raasi Pharma and M/s. Veeresh Pharma (Non RC firms) with sale price to DIMS.

During the tenure of three then Directors issued orders for purchasing of Surgical, Lab Kits and other etc., worth of Rs.265.74 Crores i.e., beyond the budget provisions of Rs.154.42 Crores which is in excess of 72% and made undue favour to Non RC firms by violating Article.4 of AP Financial Code.

Purchased furniture worth Rs.6.62 Cr during the period between 2014-15 to 2018-19 and issued purchase orders without mentioning specifications of the furniture to be procured. Further, the suppliers also dic not mention the specifications of the furniture in their invoices. No Technical Committee/ Purchase Committee have been constituted by the Directors, IMS for purchase of furniture. When randomly compared the prices of 10 items of furniture of similar specifications with market prices, the Directors paid 70% more than the market price to suppliers. The Director paid an amount of Rs.10,10,075/-for the 10 items and the price of above 10 items in the market is Rs.3,05,250/-and the price variation comes to Rs.7,07,825/-.If the same excess percentage of 70% is calculated on total amount of Rs.6.62 Cr. paid in procurement of surgical items, the projected wasteful expenditure would be more to the Govt.

Purchased Lab Equipments from the single firm M/s. Legend Enterprises worth Rs.2.45 Crores by deviating Open Tender System. On examination, the Hemocue, who is having patent right to supply such lab equipment has categorically stated that it has not authorized to supply of Hemocue products through M/s. Legend Enterprises and others. From 2014-15 to 2018-19, purchased lab kits / reagents worth Rs.237.03Cr only from three firms viz., M/s. Legend Enterprises, M/s. Avantor Performance Pvt., Ltd., and M/s.Omni Med on nomination basis without going for Open Tenders by way of e-Procurement. Out of Rs.237.03Cr, the made payments to the tune of Rs.115.00Cr to the above three firms from irrelevant HOA. The payments were made by splitting the amount below Rs.5.00 Lakhs for each P.O. When randomly compared the prices of 07 items of lab kits with market prices, paid 36% more than the market price to suppliers. Paid an amount of Rs.30,162/-for the 07 items and the price of above 07 items in the market is Rs.19,326/-and the price variation comes to Rs.

10,836/-. If the same excess percentage of 36%o is calculated on total amount of Rs.237.03Cr. paid in procurement of surgical items, the projected wasteful expenditure would be more to the Govt.

Purchased Rs.47.77 Cr worth surgical items without constituting Procurement Committee and without going for Open Tender by of way e-Procurement. Failed to follow two bid system (Technical Bid and Price Bid) in purchase of surgical items. When randomly compared the prices of 12 items of surgical items of similar specifications with market prices, paid 74 % more than the market price to suppliers. Paid an amount of Rs.30,97,450/-for the 12 items and the price of above 12 items in the market is Rs.8,09,900/-and the price variation comes to Rs.22,87,550/-. If the same excess percentage of 74%% is calculated on total amount of Rs.47.77 Cr. paid in procurement of surgical items, the projected wasteful expenditure would be more to the Govt. When compared RC prices of surgical items with the Non RC prices of 2018-19, the Director paid an excess amount of 129%.

3. During his tenure, some of the payments were made to Avantor Performance materials India Ltd., Legend Enterprises and Omini Medi from irrelevant Head of Account (HoA) by violating financial rules

During enquiry, it is revealed that Rs.115.00 Cr. worth Lab kits were purchased during 2014-15 to 2018-19 from the firms outside the State in violation of G.O.Ms.No. 51, I&C (MSME) Dept., Dt.01.06.2010. Out of 237.03 Cr. The Lab kits worth Rs.115.00 Cr. were purchased only from three companies (Avantor Performance India Pvt., Ltd., Legand Enterprises and Omni Medi) and payments were made to those companies from irrelevant Head of Account (HOA). During the period 2014-15 to 2018-19, the DIMS purchased Lab kits from M/s. Legend Enterprises worth Rs.68.58 Cr. without calling open tenders and without entering into any MoU or agreements in violation of guidelines. Further out of Rs.68.58 Cr. payment for amount of Rs.22.21 Cr. was paid from irrelevant HOA 210/212 instead of HOA 210/211. HOA 210/212 is meant for purchase of Drugs against the financial rules and budget manuals. During the period 2014-15 to 2018-19, the DIMS purchased Lab kits from M/s. Avantor Performance Materials India Ltd., worth Rs.43.32 Cr. without calling open tenders and without entering into any MoU or agreements in violation of guidelines. Further out of Rs.43.32 Cr. payment for amount of Rs.19.85 Cr. was paid from irrelevant HOA 210/212 instead of HOA 210/211. HOA 210/212 is meant for purchase of Drugs against the financial rules and budget manuals. During the period 2014-15 to 2018-19, the DIMS purchased Lab kits from M/s. Omni Medi worth Rs. 3.15 Cr. without calling open tenders and without entering into any MoU or agreements in violation of guidelines and the amount was paid from irrelevant HOA 210/212 instead of HOA 210/211. HOA 210/212 is meant for purchase of Drugs against the financial rules and budget manuals.

Payment for Medical equipment of Rs. 4,72,66,049/- was not made from relevant HoA i.e., paid under HoA 130/132 instead of HoA 520/521 against budget allocation. Purchased Medical equipment worth of Rs. 2.19 Cr under Furniture head which violates the Financial Rules and deviation of budgetary provision.

In violation of Rules prescribed under AP Budget Manual and the Appropriation Acts passed by the State Legislation, the office of the DIMS purchased items irrespective of the objective head for which budget released. During 2014-15 to 2018-19, an amount of Rs.68.87 Cr deviated from one objective head to other objective head for purchase of items. The abstract of deviation of budget and payments from irrelevant Head of Account is as follows:-

| Sl.No. | Subject Head | Diverted Head | Amount |
|---|---|---|---|
| 1. | Material & Supply -210 / 211 | OOE - 130 / 132 | 87,70,875 |
| 2. | Drugs & Medicines-210 / 212 | OOE - 130 / 132 | 1,05,68,163 |

| | | | |
|---|---|---|---|
| 3. | Maintenance 270 / 272 | OOE 130 / 132 | 49,82,527 |
| 4. | Maintenance 270 / 272 | Material & Supply-210/ 211 | 89,26,924 |
| 5. | Drugs & Medicines-210 / 212 | Material & Supply-210/ 211 | 12,62,49,363 |
| 6. | Material & Supply- 210 / 211 | Drugs&Medicines-210 / 212 | 52,92,83,116 |
| | TOTAL | | 68,87,80,968 |

4. Purchased Medical Equipment costing more than Rs.1.00 Lakh by quotation system, in violation of guidelines issued in ESIC and Govt of AP. As per the guidelines, the equipment should be purchased by Two Bid system (Technical and Price Bid) through open tender by way of e-procurement through vide G.O.Ms.No.258, Finance (TFR) Dept., Dt.20.09.2013, G.O.Ms.No.2, Finance (Works & Projects-F7) Dept. Dt.03.02.2014 and G.O.Ms.No.40, Finance (TFR) Dept., Dt. 14.02.2014. On perusal of the purchase orders, the Medical Equipment costing more than Rs. 1.00 Lakh was purchased without calling tenders. Before issue of purchase order for the items costing more than Rs.1.00 Lakh, the Director has to constitute a Technical Committee to frame the specifications of the equipment. But, purchased Medical Equipment without constituting Technical Committee by deviating ESIC guidelines. As per ESIC guidelines, all the tenders should be evaluated by Technical Evaluation Committee, the approved recommendations of the Technical Evaluation Committee should be placed before Purchase Committee for review & recommendations and the Director has to issue approval after receipt of recommendations from the Purchase committee. But, all the purchases were made without constituting Technical Committee and Purchase Committee.

Issued purchase order to M/s. Legend Enterprises, Hyderabad in the month of April, 2015, for procurement of Hemo Cue HbAlc 501 Analyser (57) and WBC Differential Analyser (78) worth Rs.2.46 crores and purchased the items without calling for open tenders and quotations and without entering in to MoU with the firm. Though the destination point for delivery of the above products as per purchase order / tax invoice is O/o JD, Vijayawada and JD, Kadapa, the products were received in DIMS office.

5. Processed the file and issued work order to M/s. Tele Health Services Pvt Ltd., for providing Toll Free Telehelp Line Services vide Rc.No.5680/A/Plg/2016 and entered into agreement for Toll free Tele Help Line Services Interactive Voice response System implementation, operation, maintenance & support in Insurance Medical Service Department during period of (5) years and @ Rs.1.80 per month for each I.P.

As per MOU the party has to provide I) Toll. Free Number, 2) to address Insured Persons queries relevant to process of filling up applications, supporting documents, status of their applications, benefits, 3) To provide status update for already logged in queries, 4) To provide update on queries to DIMS, 5) Maintenance of call log as receipt of call date and time, details of the caller and issue, 6) Claim the bill @ 1.80 paisa per each Insured Person per month, 7) Automation of Reimbursement payment module and integrate the same with toll free help line for claim ID generation for automatic process of his claim further, 8) Providing update on queries to Directorate, hospitals / dispensaries, 9) Reimbursement Payment module application development, maintenance and claim @ 4,98,500/- per month for five years and 10) Secondary care referrals payments process module application development, maintenance and support and claim @ Rupees 2,97,750/- per month for five years.

The work order for Tele Health Services has been given without any specific guidelines and directions from ESIC, GoI. There is no concurrence from the Finance Dept., AP for issue of work order and there is no Budget Release Order from the Govt. The work order was issued and entered into MoU without calling for open tenders by

way of e-Procurement in violation of guidelines / procedures laid in G.O.Ms.No.489 Finance Dt.08.12.2008, guidelines of DG, ESIC, G.O. Ms. No.51, dt.01.06.2010,G.O.Ms.No.258, dt.20.09.2013, G.O.Ms.No.40,dt.14.02.2014, G.O.Ms. No.2,dt.03.02.2014 and Letter No.U-16/52/2001/Med-III(AP), dt.22.11.2016 of ESIC. There is no specific reason for not calling for tenders. Further there is no ratification order from the State Govt. (Administrative Dept / Finance Dept) in having finalisation of the PPC agreement. Failed to verify past experience, income tax & sales tax clearances, project handled details, bidder capacity, etc., and has not taken the above aspects into consideration before entering into PPP agreement.

Paid an amount of Rs.4,15,03,564/- for Call Center to M/s.Tele Health Services without verifying the genuineness of the call logs submitted by them. The payments were made to M/s.Tele Health Services Pvt., Ltd., against number of IPs (14.00 Lakhs) attached to AP State irrespective of calls attended and IPs data furnished by the Central Govt. On perusal of call logs submitted by M/s.Tele Health Services to Director, IMS, the call center received on an average of 4500 per month. Whereas, in the agreement, the Director, IMS agrees to pay @ Rs.1.80 Ps per each Insured Person per month and the bill shall be to the on total No. of active IPs enrolled in the scheme in a calendar month. Thus the Director entered into agreement to pay amount per IP per month instead of No. of calls attended by the service provider, thereby the Director caused wasteful expenditure to the Govt. If the Director had entered into agreement to pay the bill on No. of calls attended instead of No. of IPs, he would have saved Govt. money.

M/s.Tele Health Services submitted Call Logs for the months January, March and April of 2018 at the time of claiming bills and no submitted Call Logs for the remaining months. When contacted the IPs mentioned in Call Logs randomly over phone, all the IPs are residents of Telangana State. Thus, made payments to M/s.Tele Health Services without verifying the genuineness of the information furnished by M/s.Tele Health Services. Payment for remaining months was made simply basing on the No. of IPs as mentioned in the invoice. For February 2017, M/s.Tele Health Services . claimed an amount of Rs.10,65,600/- for 5,92,000 IPs from March,2017, M/s.Tele Health Services claimed an amount of Rs.20,06,317/- for 11,14,621 IPs. From December 2017, claimed an amount of Rs.25,40,441/- for 14,11,356 IPs. There is sudden increase of No. of IPs between February, 2017 and March,2017.

According to ESIC 2.0 Health Reforms, the purpose of Medical helpline facility is that the IP can directly talk to doctor in case of any emergency and seeking guidance. Whereas, issued work order for Toll free services only for medical reimbursement and referral hospital bill claims. As such, the Director, IMS in connivance with the service provider issued work order contrary to the guidelines issued in ESIC 2.0 Health Reforms.

Processed the file and issued work order to M/s.Tele Health Services to provide Cardiologist Service with ECG / VHECG Monitoring System without any specific guidelines and directions from ESIC, GoI. There is no concurrence from the Finance Dept., AP for issue of work order. There is no Budget Release Order from the Govt. The work order was issued and entered into MoU without calling for open tenders by way of e-Procurement in violation of guidelines / procedures laid in G.O.Ms. No.489, Finance Dt.08.1.2.2008, guidelines of DG, ESIC, G.O.Ms.No.51, dt.01.06.2010, G.O. Ms.No.258,dt. 20.09.2013, G.O.Ms.No.40, dt.14.02.2014, G.O.Ms.No.2, dt.03.02.2014 and Letter No.U-16/52/2001./Med-III(AP), dt.22.11.16 of ESIC. There is no specific reason for not calling for tenders. Further there is no ratification order from the State Govt. (Administrative Dept / Finance Dept) in having finalisation of the PPC agreement. Failed to verify past experience, income tax & sales tax clearances, project handled details, bidder capacity, etc., and has not taken above aspects into consideration before entering into PPP agreement.

M/s. Tele Health Services did not provide Cardiologist consultation by violating the conditions laid down in the agreement. Paid huge amounts in crores to M/s. Tele Health Services without verifying the qualification of doctors engaged by the service provider and caused loss to the Govt. Even though, M/s.Tele Health Services failed to provide Cardiologist consultancy as per MoU, paid an amount of Rs.480/- per ECG exclusive of service tax. Paid total Rs.3,80,66,160/- to M/s. Tele Health Services without any cardiologist consultation as per agreement.

Processed the file pertaining to payments and work allotment to M/s. Jalam Environment Pvt. Ltd., Hyderabad. ESIC agreed to bear the expenditure for disposal of biomedical waste outside the ceiling as per Standard Note of ESI Scheme. In the erstwhile AP, on 24.07.2013, the LET&F Dept. of AP issued G.O.Ms.No.683 permitting the Director (IMS) for establishment of Sewerage Treatment Plants for ESI Hospitals in the State for segregation & bio-gradation of solid / liquid bio-medical and chemical waste disposed particles and hospital waste water and needles and other hazardous wastes which are simply getting diverted into public drain. The G.O. was issued subject to not seeking any funds from the State Govt.

Work order for establishment and maintenance of Sewerage Treatment Plant was given to M/s.Jalam Environment Pvt., Ltd., without calling open tenders and without entering into MoU or agreement. Even for maintenance of STPs no agreement or MOU has been entered. Without prior permission from the Govt. awarded work order for establishment of Sewerage Treatment Plant at ESI Hospital, Tirupathi.

Issued work order vide Rc.No.5880/CDSI/13, Dt.04.11.2013 to M/s. Jalam Environment Pvt., Ltd., for setup of design, construction and installation of Sewerage Treatment Plant at Vijayawada ESI Hospital. Issued work order vide Rc.No.5880/CDS1/2013, Dt.11.03.2014 for installation of Sewerage Treatment Plant for ESI Diagnostic Centre, Adoni. Further, the work order was given for annual maintenance & operation of Sewerage Treatment Plant at ESI Hospitals, Vijayawada, Rajahmundry and ESI Diagnostic Centre, Adoni vide Rc.No.5880/CDS1/2013-AMC, Dt.30.05.2014 to M/s.Jalarn Environment Pvt., Ltd.,

As per AMC work order terms and conditions, the company. should provide 2 to 3 engineers at each plant to work round the clock on shift basis, repairs and maintenance of all the equipment and Chemicals and materials required are to be provided by the firm. Cost of operation and maintenance at each centre is Rs.2,30,000/- per month i.e., Rs.6,90,000/- for all three centers.

On 16.01.2017, the then Director (IMS), Dr.C.K.Ramesh Kumar issued work order vide R.c.No.246/A/CDS/2017 for establishment of Sewerage Treatment Plant at Tirupati ESI Hospital to M/s. Jalam Environment Pvt., Ltd., Hyderabad. The work order was given for Rs.1,85,60,000/- with the terms and conditions that the operation of the plant is responsibility of hospital.

On 26.09.2017 issued Operation and Maintenance of Sewerage Treatment Plant at ESI Hospital, Tirupathi to M/s.Jalam Environment Pvt Ltd for a period of one year and cost of operation and maintenance of STP @ Rs.2,41,500/- p.m. Further work order for operation and maintenance of those plants was given to the same company @ Rs.28.98 Lakhs per annum (Rs.2,41,500/- per month per unit). For four plants, operation and maintenance value comes to Rs.1.16 Cr per annum.

Paid an amount of Rs.1,94,88,000/- to M/s.Jalam Environment Pvt., Ltd., for setting up of Sewerage Treatment Plants in ESI Hospital, Tirupathi and also paid an amount of Rs.3,49,98,180/- to M/s.Jalam Environment Pvt., Ltd., for maintenance of Sewerage Treatment Plants in ESI Hospitals, Vijayawada, Rajahmundry and Tirupathi and Diagnostic Centre, Adoni. Thus, total amount of Rs.5,44,86,180/- has been paid so far after bifurcation of State.

On field enquiry, it is revealed that M/s.Jalam Environment Pvt., Ltd., only treating hospital toilet waste water and not executing the work of segregation & bio-gradation of solid / liquid bio-medical and chemical waste disposed particles and needles and other hazardous wastes. Hence, the purpose of establishing Sewerage Treatment Plants in ESI is violating the guidelines of G.O.683 of LET&F Dept.,

As per Page No.7 of Standard Note of ESI Scheme, the payment for disposal of biomedical waste can be sharable outside the ceiling. Failed to get permission / intimation to ESIC to establish sewerage treatment plant at Hospitals / Diagnostic Center and to claim the expenditure for such maintenance and unnecessarily paid the amount within the ceiling and caused loss to the Insured Persons and State Govt. exchequer. If the DIMS have taken prior permission for the above head from the ESIC, the corporation would have borne the expenditure (7/8th share) under sharable expenditure outside the ceiling and reimburse the amount incurred by the state Govt.

As per G.O.Rt.No.683, the Sewerage Treatment Plants should be established for segregation & bio-gradation of solid / liquid bio-medical and chemical waste disposed particles and hospital waste water and needles and other hazardous wastes which are simply getting diverted into public drain.

The Sewerage Treatment Plant located at Diagnostic Center, Adoni was installed by M/s.Jalam Environmental Pvt., Ltd., in the year 2014. The Diagnostic Center was shifted to new premises in October 2017, but the STP is continuing in old premises and it is not in working condition, though the plant is not being used since October 2017, the doctor is giving satisfactory certificate-and paying annual maintenance to M/s.Jalam Environmental Pvt., Ltd., Thus, it is obvious that simply paying the AMC amount to M/s.Jalam Environmental Pvt., Ltd., without verifying the working conditions on the STPs and caused loss to the Govt. exchequer.

Though the working and maintenance of all four STPs are in working and in bad condition, paid monthly maintenance @ Rs.2,41,500/- per unit and so far paid Rs.3,49,98,180/- for maintenance of all the four units without verifying functioning & operation of plants and thereby caused loss to the Govt.

6. During course of enquiry, randomly secured and examined some of the distributors, who supplied drags under Non RC to DIMS. On examination, they all categorically stated that they supplied non RC drugs without any tender process. When approached the Directorate, the then Directors advised them to supply medicines by furnishing a list of drugs to be supplied. Accordingly, they submitted quotations by mentioning the prices as furnished by the Pharmacist, Smt K. Dhana Lakshmi. The other quotations were fabricated by the Pharmacist and the staff of Central Drug Store of DIMS. They supplied the required medicines as per purchase orders issued by the Director IMS. They supplied drugs with more than 50% excess price than the RC drugs. They supplied at exorbitant rates to pay bribe amounts to Directors, staff of Central Drug Store for getting purchase orders and payments. It is evident that the suppliers under for DC drags are colluded with the then Directors and their staff for getting purchase orders at exorbitant rates.

It is observed that Smt K. Dhana Lakshmi, who worked as Pharmacist during 2016-2019 registered a firm under the style and name of M/s Jerkon Enterprises in the name of her daughter-in-law Ravilla Ravi Tejasri and issued purchase order to that firm for supply of Drug and surgical worth Rs 8.00 Cr by making fabricated quotations on blank letter leads which were obtained from various firms. The Pharmacist Smt. K. Dhana Lakshmi in connivance of the Director Dr. C.K. Ramesh Kumar and Dr. G. Vijaya Kumar obtained blank letter heads from various firms and prepared fabricated quotations and envelop covers to issue purchase order for the firms of their choice and purchased huge quantity of drugs without indents from the unit levels.

On perusal of the purchase order files, it is observed that in most of the files firms are formed into a ring to avoid competative bidding and thereby indulged in cartilisation in collusion with the Directors and Staff of Insurance Medical Services and caused huge wrongful loss to Govt Exchequer and corresponding personal gain.

On perusal of Non RC Distributors / Dealers quotation s and envelop covers, the handwriting on the envelop covers said to have been submitted by different firms appears to be one and the same. When examined the staff of DIMS, they stated that the quotations ware prepared in the office by the Pharmacist Smt K. Dhana Lakshmi and Senior Asst., E. Ramesh Babu. On random verification of purchase order (P.O) files, the hand writings of Smt K. Dhana Lakshmi, Pharmacist were found on envelop covers of 137 P.Os. worth Rs.5.88 Cr and the hand writings of Sri E. Ramesh Babu, Sr.Asst., was found on envelop covers of 11 P.Os. worth Rs.4.71 Cr. Thus, the Directors issued purchase orders basing on the fabricated quotations and used those fabricated / forged quotations as genuine documents.

On verification of note file Re.No.12/ESIDC/ SPET/2017, Dt. 11.10.2017, it was noticed that the Director, IMS, AP called quotation from M/s. Kanka Durga Enterprises, M/s. Jercon Enterprises (Binami firm of pharmacist) M/s. Status Pharma, M/s. Rishitha Enterprises and M/s. Life Care Pharma for supply of 156 varieties of supplementary drugs all worth Rs.1.03 Cr. Out of quotations of 5 firms, there are no signatures on the quotations pertains to three (03) firms i.e., M/s. Kanka Durga Enterprises, M/s. Status Pharma, M/s. Rishitha Enterprises. Issued the purchase order in favour M/s. Jercon Enterprises, which was registered in the name of daughter-in-law of the Pharmacist, K.Dhana Lakshmi for supply of all the 156 varieties of supplementary drugs.

When examined the Non Rate Contract Drug Distributors / Dealers, they categorically admitted that on their request, the Directors furnished the list of drugs along with prices, accordingly, they submitted their quotation and the staff of DIMS prepared remaining quotations by fabricating the letter leads and issued purchase orders to them. They also stated that they paid bribes to the Directors, staff in getting POs and payments for supply of the Drugs.

On random verification of note file Rc.No. 15/CDS/ NR/2018-19, Dt.03.10.2018, it was noticed that, called quotation from M/s. Sri Sai Balaji Enterprises, M/s. Technomed Systems, M/ s. Jercon Enterprises, M/s. R.R. Traders, M/s. Vyshnavi Enterprises and M/ s. Vinayaka Enterprises for supply of X-Ray Lobby, Hydralic OT Tables with C- arm compatability, Instruments Trolley, Ophthalmic OT Table, hydrolic Surgeon chair, Basic Anesthesia Station, Anesthesia work station accessories, Movable OT light all worth Rs.1.91 Cr. The purchase order was issued to the above items to M/s. Technomed Systems by splitting the order into 13 purchase orders. On verification of quotation of M/s. Technomed Systems, there is no signature of the authorised person in the said quotation.

Issued another purchase order for supply of floor cots, bed side lockers, bed side screens, SS Stolens, wheel chairs, etc worth Rs. 58.26 Lakhs to M/s. Technomed Systems. The above two quotation appears to be a colour Xerox and it appears that all the quotations are printed from the same printer. On examination of the proprietors for remaining firms, M/s Vyshnavi Enterprises, M/s. Saravan Chemroad Associates and M/s. Vinayaka Enterprises of Guntur, whose quotations were taken as support documents in the file along with M/s. Technomed Systems (LI), they stated that they never submitted quotations from their firms for the above items and quotations found in the file are fabricated and forged. They supplied only drugs to Director, IMS, AP and the Pharmacist, Dhana Lakshmi used to take blank letter heads.

On examination of the Proprietor of M/s. Technomed Systems, Ponugoti Narender, he stated that he has not received any written communication from the Director for supply of above items and he has not received specifications of the items to be supplied. He did not mention the specifications of the items in his quotation or

invoice. On being shown the other quotations in the note file, he stated that those quotations are appear to be printed in the same printer and giving suspicion. In view of be above, tic DIMS staff particularly the Pharmacist, K. Dhana Lakshmi managed to get empty letter leads of various competitive firms and used them for preparing and filing with highest rates to suppo-t particular firms having vested interest for declare them as L1 bidders to avoid competitive bidding.

During the tenure of Dr.B.Ravi Kumar, purchased (57) HbA1c501 Analysers and (78) WBC Analysers on nomination basis from M/s Legend Enterprises and paid on amount of Rs. 2,45,90,370/- without calling for open tenders by way of c-Procurement. Further Dr. B. Ravi Kumar issued Annual Maintenance Contract of Hemocue Lab instruments on nomination basis without entering MoU to M/s. Legend Enterprises and paid an amount of Rs.2,05,47,725/-.

The Director, IMS also procured Lab instruments (Semi Auto, Point care analysers ESR analyzer, Automated cell counter, Uri Screen analyser and QBC analyser and 5 part differential cell counter) from M/s. Avantor on nomination basis and also issued Annual Maintenance Contract and paid an amount of Rs. 4,84,60,059/- without calling for Open Tenders.

The V&E officials obtained quotations randomly from local market and when compared the prices with the purchase price of DIMS, the Director, IMS paid 36% excess than the market value. During enquiry, scrutinised the PO files of Surgical items and compared their prices with ESIC-RC Rate Contract for the year 2019. On comparison of prices, it is observed that all surgical items were purchased at exorbitant rates. In the past four years, an excess amount of Rs.10.43 Cr. (129%) was paid to the firms, when comparec with the price of ESIC-RC, etc.

On perusal of the purchase orders, the Surgical items was purchased without calling tenders. During enquiry, it is revealed that Rs.12.45 Cr. worth surgical items were purchased during 2014-15 to 2018-19 from the firms outside the State in violation of G.O.Ms.No.51, I&C (MSME) Dept., Dt. 01.06.2010. On perusal of record, it is found that purchased Rs.8.08 Cr. worth surgical items without indents and without calling for Open Tenders.

The V&E officials obtained quotations randomly from local market and when compared the prices with the purchase price of DIMS. The Directors, IMS paid 74% excess than the market value and caused wrongful loss to the Govt.

During the period between 2014-15 to 2018-19, Rs.6.62 Cr. worth Furniture was purchased. Purchased huge value of furniture from the following firms without going for open tenders by way of e-Procurement and paid exorbitant rates.

| Sl. No. | Name of the Firm | Amount (Rs. In lakhs) |
|---|---|---|
| 1 | Maruthi Health Care Services | 119.25 |
| 2 | S & S Enterprises | 68.16 |
| 3 | Sri Sai Surgiclas and Agencies | 68.51 |
| 4 | Maruthi Medi Needs | 59.27 |
| 5 | Technomed Systems | 51.40 |
| 6 | Abhiramee Medicals | 87.13 |

The ESI Hospital, Visakhapatnam has been functioning in a dilapidated building and therefore, the ESI Corporation in consultation with the State Govt. has decided to shift the hospital into a new private building till ESIC provides a suitable building in place of the present dilapidated building. The Medical Superintendent has placed

indent for furniture and medical equipment required in the new building along with the list of unserviceable articles. Instead of constituting a condemnation committee to condemn the unserviceable articles before finalising the list of furniture and medical equipment to be purchased, has directly placed the purchase orders and got them supplied at the old dilapidated building. Procured the same only on quotation basis from the single party in the month of August,2017 for Rs.1.61 Cr. The building was shifted in the month of Apri1, 2018 and till then, the new furniture was kept in the old building. Thus, the furniture and medical equipment was purchased without forecasting the actual time of need of the furniture and hospital equipment.

During enquiry, it is revealed that Rs.4.04 Cr. worth furniture were purchased during 2014-15 to 2018-19 from the firms outside the State in violation of G.O.Ms.No.51, I&C (MSME) Dept., Dt.01.06.2010. The V&E officials obtained quotations randomly from local market and when compared the prices with the purchase price of DIMS, paid 70% excess than the market value.

From this, it is evident that he has exhibited lack of integrity, devotion to duty and unbecoming of a Government Servant and hereby violated Rule 3(i) of the AP Civil Services (Conduct) rules, 1964.

Hence, the charges.

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

ANNEXURE - III

List of documents on the basis of which the Article of Charges framed against Sri M.K.P. Chakravarthy, Office Superintendent, O/o DIMS.

1. G.O.Ms.No.258, Finance (TFR) Dept., Dt.20.09.2013.
2. G.O.Ms.No.2, Finance (Works & Projects-F7) Department, Dt.03.02.14.
3. G.O.Ms.No.40, Finance (TFR) Dept., Dt.14.02.2014.
4. G.O.Ms.No.51, I&C (MSME) Dept., Dt.01.06.2010.
5. G.O.Ms.No.51, Dt.09.04.2012 of LET&F Dept.
6. Circular No.13/CDS/2014, Dt.31.05.2016 of the Director, Insurance Medical Services
7. Purchase procedure guidelines of ESIC vide LR.NO.U-16/52/2001/MED-III (AP), dt.22.11.2016.
8. Article 3 and 4 of Andhra Pradesh Financial Code.
9. Appendix I of part 3 of Andhra Pradesh Budget Code.
10. Letter Rc. No.37/Stores/JDIMS /KDP/2018 Dt. 07.08.2019 & 01.10.2019 of JD, Kadapa addressed to DIMS
11. G.O.Ms.No.683 LET&F Dept. Dt. 24.07.2013
12. Rc.No.246/A/CDS/2017 Dt. 16.01.2017 work order to Jalam for setting up of STP at Tirupathi
13. Lr.No.APTS/HWP/N/AEBAS-RC/2017 Dt. 03.11.2017 of the MD, APTS addressed to the Principal Secretary to Govt. ITE&C Dept
14. Vigilance Report No. 01 (C.No. 2982/V&E/Sec-II/D2/2019-1,2 & 836/DG/V&E/Sec-II/D2/2019) Dt. 03.01.2020 of the Director General (V&E) & E.O. Prl. Secretary to Government, General Administration (Vigilance & Enforcement) Department.

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

ANNEXURE - IV

List of witness by whom the Article of Charges framed against Sri M.K.P. Chakravarthy, Office Superintendent, C/o DIMS.

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G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

SECTION OFFICER